

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 EURE-00 SS-20 NSC-07 CIAE-00 PM-07

INR-11 L-03 ACDA-19 NSAE-00 PA-04 RSC-01 PRS-01 SP-03

USIA-15 TRSE-00 SAJ-01 OMB-01 EB-11 DRC-01 COME-00

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P 261700Z JUL 74

FM USMISSION NATO

TO SECSTATE WASHDC PRIORITY 6931

SECDEF WASHDC

S E C R E T SECTION 1 OF 2 USNATO 4110

E.O. 11652: XGDS1

TAGS: MCAP NATO

SUBJECT: BURDENSARING - JACKSON-NUNN

REFS: A. STATE 145231, 5 JULY 74

B. USNATO 3830

C. PO/74/100

D. SYG LETTER TO AMBASSADOR RUMSFELD, SG/74/438, DTD 25 JUL 74

1. AS REQUESTED REF A, INFO IS PROVIDED IN REF D AS QUOTED BELOW:

BEGIN TEXT:

DEAR DON,

ON YOUR BEHALF, I RECEIVED A LETTER FROM
MR. PRENDERGAST DATED 9TH JULY, 1974 IN WHICH INFORMATION WAS
REQUESTED ON EUROPEAN MILITARY PROCUREMENT IN THE UNITED STATES
THAT MIGHT BE USED IN THE PREPARATION OF PRESIDENT NIXON'S
AUGUST REPORT FOR CONGRESS CONCERNING THE FOLLOW-UP TO THE
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JACKSON-NUNN AMENDMENT.

AS YOU KNOW, PRELIMINARY ESTIMATES WERE GIVEN IN THE
REPORT (C-M(74)29) OF 13TH MAY, 1974. FINAL ESTIMATES OF

DEFENCE AND DEFENCE-RELATED EXPENDITURE OF EUROPEAN NATO MEMBERS IN THE UNITED STATES FOR THE US FISCAL YEAR ENDING 30TH JUNE, 1974 ARE STILL IN PROCESS OF COLLECTION AND WILL ONLY BE AVAILABLE IN SEPTEMBER (SEE PO/74/61 OF 22ND MAY, 1974). HOWEVER, A ROUGH ESTIMATE OF TOTAL PROCUREMENT BASED ON MORE COMPLETE DATA THAN THAT AVAILABLE LAST MAY CONFIRMS THAT THE FIGURE WILL BE SOMEWHAT MORE THAN \$1 BILLION.

AS SOME COUNTRIES HAVE STILL TO PROVIDE FULL REPLIES COVERING, FOR EXAMPLE, EXPENDITURE FOR IMPLEMENTATION OF NEW PROGRAMMES SUCH AS THE LANCE MISSILE FOR BELGIUM AND MANY HAVE STILL TO PROVIDE INFORMATION ON FIRM-TO-FIRM TRANSACTIONS, AND FURTHERMORE AS IT HAS NOT YET BEEN POSSIBLE TO INCLUDE AN ESTIMATE OF THE EXPENDITURE MADE BY FRANCE IN THE UNITED STATES, THE TOTAL MENTIONED ABOVE CAN BE REGARDED AS CONSERVATIVE. TAKING INTO ACCOUNT THE NEW US/FRG OFFSET AGREEMENT, THE OUTSTANDING SUM SPENT BY THE UNITED STATES IN FISCAL YEAR 1974 IN MAINTAINING THEIR FORCES IN NATO EUROPE SHOULD BE MORE THAN COVERED BY THE TOTAL PROCUREMENT OF OTHER NATO EUROPE MEMBER COUNTRIES IN THE UNITED STATES.

PURSUANT TO YOUR REQUEST, THE FIGURE OF MORE THAN US \$1 BILLION FOR OVERALL EXPENDITURE COULD BE USED IN PRESIDENT NIXON'S REPORT TO CONGRESS ON AN UNCLASSIFIED BASIS AS I HAVE RECEIVED NO OBJECTIONS FROM PERMANENT REPRESENTATIVES IN ANSWER TO MY PO/74/100.

THE ATTACHED TABLE SHOWS COUNTRY-BY-COUNTRY DATA ON WHICH THE TOTAL FIGURE IS BASED. AS YOU KNOW, THIS DATA REMAINS CLASSIFIED.

I HOPE THIS INFORMATION WILL SATISFY YOUR AUTHORITIES.

/S/LUNS

ANNEX

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PAYMENTS FORECAST OR ALREADY MADE TO THE UNITED STATES BY EUROPEAN MEMBER COUNTRIES FOR PROCUREMENT OF DEFENCE GOODS AND SERVICES DURING THE PERIOD FROM 1ST JULY, 1973 TO 30TH JUNE, 1974 (I.E. THE UNITED STATES 1974 FISCAL YEAR)

(IN MILLION US DOLLARS)

PURCHASES OF DEFENCE & DEFENCE RELATED GOODS & SERVICES (REPLIES TO THE ECONOMIC DIRECTORATE'S QUESTIONNAIRE)

GOV. TO GOV. GOV. TO FIRM FIRM TO FIRM GOODS OF

COUNTRY	TRANSACTIONS	TRANSACTIONS	TRANSACTIONS	POTENTIAL
		MILITARY		
		USE#		

BELGIUM/ LUXEMBOURG	14.80(1)	-	8.90(7)	..
DENMARK	21.40	41.50	..	..
FRANCE	..	..	..	..
F.R. GERMANY	- (2)	-	-	-
FREECE	123.50	..	..	8.90
ICELAND	-	-	-	-
ITALY	110.40(3)	37.70	59.30	..
NETHERLANDS	31.20	16.10	18.10	-
NORWAY	14.70(4)	..	..	..
PORTUGAL	2.00(5)	-	-	-
TURKEY	15.80(6)	22.60	0.40	..
UNITED KINGDOM	200.00	35.00	35.00	..
TOTALS	533.80	152.90	121.70	8.90

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SECDEF WASHDC

S E C R E T SECTION 2 OF 2 USNATO 4110

PURCHASES MADE EXPENDITURES MADE
 THROUGH THE IN THE US THROUGH
 NATO AGENCIES THE NATO COMMON
 & UNDER THE INFRASTRUCTURE TOTALS
 COUNTRY COMMONLY FUN- PROGRAMMES INCL.
 DED PROGRAMMES NICSMA AND SHAPE
 ## (ACTING AS
 "HOST NATIONS")

BELGIUM/ LUXEMBOURG	4.80(8)	1.00(10)	29.50(12)
DENMARK	13.00	2.90	78.80
FRANCE	13.90	-	13.90
F.R. GERMANY	57.80	4.60	62.40
GREECE	2.50	21.40	156.30
ICELAND	0.01	-	0.01
ITALY	29.50	6.20	243.10
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NETHERLANDS	23.80	0.90	90.10
NORWAY	1.90	3.60	20.20
PORTUGAL	0.30	0.06	2.36
TURKEY	0.70	30.10	69.60
UNITED KINGDOM	8.50	2.70	281.20
TOTALS	160.21(9)	73.80(11)	1,051.31(13)

.. NOT YET AVAILABLE

PAYMENTS RELATING TO THE US AUTHORITIES ADDITIONAL LIST OF
 COMMODITIES

NAMSA, HAWK MANAGEMENT OFFICE, ACE, SEA SPARROW PROGRAMME, MRCA
 PROGRAMME, NADGEMO

SEE FOOTNOTES ATTACHED

FOOTNOTES

(1) NEW ESTIMATE PROVIDED BY THE BELGIAN DELEGATION, GDB/AL/74/99 OF
 17TH JULY 1974, WHICH COVERS ACTUAL PAYMENTS FOR THE PERIOD FROM
 1ST JULY, 1973 TO 31ST MAY, 1974. AN ADDITIONAL ESTIMATE HAS BEEN

MADE FOR JUNE 1974.

INCLUDING AN INTERNATIONAL STAFF ESTIMATE FOR LUXEMBOURG OF
US \$.30 MILLION FOR THE UNITED STATES FISCAL YEAR 1974.

(2) THE FRG PAYMENTS MADE UNDER THE NEW FRG/US "OFFSET" AGREEMENT
HAVE NOT BEEN TAKEN INTO ACCOUNT.

(3) INCLUDING PURCHASE ORDERS OF SOME US \$1.4 MILLION FOR WHICH ALL
PAYMENTS WILL BE MADE DURING THE FIRST HALF OF 1974.

(4) ACCORDING TO THE NORWEGIAN REPLY TO THE ECONOMIC DIRECTORATE'S
QUESTIONNAIRE (REF: 3412/EBH/TSB OF 10TH JULY 1974).

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(5) AS THE PORTUGUES AUTHRITIES HAVE NOT YET REPORTED TO THE
ECONOMIC DIRECTORATE'S QUESTIONNAIRE, THE AMOUNT SHOWN IN THE
TABLE HAS BEEN DRAWN FROM DOCUMENT C-M(73)93(ANNEX II, PAGE 2)
OF 20TH OCTOBER 1973,
BASED ON THE 1972 EXPENDITURES OF PORTUGAL IN THE UNITED STATES.

(6) ACCORDING TO THE TURKISH REPLY TO THE ECONOMIC DIRECTORATE'S
QUESTIONNAIRE (REG. P.A. ACTION SLIP NO. 9970 OF 10TH JULY 1974)

(7) PURCHASES MADE BY BELGIAN FIRMS ONLY.

(8) FROM WHICH US \$.07 MILLION FOR LUXEMBOURG.

(9) INCLUDING THE FOLLOWING PAYMENTS WHICH ARE NOT ATTRIBUTABLE
BY COUNTRY:

(A) US \$.80 MILLION BY ANMSA UNDER THE LANCE PROGRAMME

(B) US \$.10 MILLION BY NAMSA MENTIONED AS "OTHERS"

(C) US \$.30 MILLION BY NAMSA FOR NAMFI

(D) US \$1.00 MILLION BY HAWK MANAGEMENT OFFICE FOR NAMFI

(E) US \$1.30 MILLION BY NADGEMO

(10) FROM WHICH US \$.04 MILLION FOR LUXEMBOURG

(11) INCLUDING THE PROVISIONAL US REPLY TO THE INFRASTRUCTURE
DIRECTORATE'S QUESTIONNAIRE (INFRA/PCO/74/9, 27TH FEBRUARY
1974) OF SOME US \$.30 MILLION ASSOCIATED WITH THE COMMON
INFRASTRUCTURE PROGRAMME THAT FLOWS BACK TO THE US.

(12) FROM WHICH US \$.4 MILLION FOR LUXEMBOURG

(13) INCLUDING PAYMENTS MENTIONED UNDER FOOTNOTE 9 AND 11 ABOVE

THAT CANNOT BE ATTRIBUTED BY COUNTRY.

END TEXT

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2. WITH EXCEPTION OF INFRASTRUCTURE FIGURES, DATA QUOTED BY
SYG ABOVE HAVE NOT BEEN ANALYSED BY MISSION. INFRASTRUCTURE DATA
ARE OVERSTATED BY ALMOST THREE TIMES. OUR FIGURES SHOW INFRASTRUCTURE
FLOW TO US AS FOLLOWS (FIGURES WERE COMMUNICATED TO LAULAN ON 21
MAY 74):

TURKEY	5,455,457
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GREECE	2,739,833
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ITALY	1,003,967
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OTHER COUNTRIES	3,627,836
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NICS/NADGE/SHAPE	14,300,000
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TOTAL	\$27,127,093.
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PRENDERGAST

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Message Attributes

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Draft Date: 26 JUL 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Handling Restrictions: n/a
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